

REPORT/RECOMMENDATION TO THE BOARD OF DIRECTORS
OF SAN BERNARDINO COUNTY: REDEVELOPMENT AGENCY,
CALIFORNIA
AND RECORD OF ACTION

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June 24, 2003

Continued from June 17, 2003 Agenda – Item Heard on June 23, 2003

FROM: JOHN E. NOWAK, Redevelopment Administrator

SUBJECT: FY 2003-04 REDEVELOPMENT AGENCY BUDGET HEARING

RECOMMENDATION:

- ~~1. Open public hearing and take testimony on the proposed FY 2003-04 Redevelopment Agency (RDA) budget.~~
- 2. At the close of the public hearing, Continue the FY 2003-04 proposed budget for approval and adoption as the Final Budget on Tuesday, June 24, 2003 at 10:00 am, including changes the Board may direct, if any, and authorization for adjustments based upon the final fund balance.**

BACKGROUND INFORMATION: On June 5, 2003, the Board held Budget Workshops during which the Proposed FY 2003-04 budget for the Redevelopment Agency was discussed. This Budget Hearing is designed to discuss and implement any direction or changes the Board wishes to make to the Proposed Agency Budget.

The total Redevelopment Agency Budget is \$23,941,103, funded totally through tax increment revenues, tax increment bond proceeds, and interest on those funds. Tax increment revenue is generated in both the San Sevaine Redevelopment Area (\$3,627,500) and the Victor Valley Economic Development Area ("VVEDA") (\$204,000). Pursuant to California Redevelopment Law ("CRL"), 20% of all tax increment received from a project area must be set-aside for affordable housing activities. The balance of the appropriation is from tax increment and bond fund balances.

The proposed Budget is divided into seven budget units. Five reflect the Operating and Capital Project activities for the General and Housing activities in the San Sevaine Redevelopment Area. This year, for the first time, the Operating and Housing activities for VVEDA are shown in two separate budget units to more clearly administer the activities within that redevelopment area.

Staffing for the RDA is included in the Operating Fund, and includes .9 RDA Administrator, 1.0 Executive Secretary, and 1.0 Redevelopment Analyst.

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The work program proposed for the Redevelopment Agency in FY 03-04 is being presented to the Board under a separate Agenda item on June 24, 2003 for review and adoption. The activities include:

- (1) preparing implementation and housing plans for both the San Sevaine and the VVEDA Areas as required by CRL;
- (2) preparing tax increment bonds issues for the project areas;
- (3) initiating an affordable housing project in the 2nd District;
- (4) developing an economic development plan and outreach in the San Sevaine Redevelopment Area;
- (5) conducting studies for potential new redevelopment project areas in the County; and
- (6) various administrative duties for the Agency.

POTENTIAL STATE BUDGET IMPACT

The Governor's May Revised Budget contained provisions for taking \$250 million statewide from redevelopment agencies in FY 2003-04 (excluding the 20% housing set-aside) and increasing that amount by \$50 million statewide each year for the next fifteen years until \$1 billion was taken annually from redevelopment agencies. To date, the Senate budget contains a provision for a one-time \$250 million hit. San Bernardino County's share would be approximately \$520,000, which would be deducted from budgeted revenue in the Operating Fund. This reduction has not been included in the budget presented for the Board's consideration. If this is a one-time take, there will not be a significant impact on the Agency's ability to undertake redevelopment and economic development activities in its project areas.

REVIEW BY OTHERS: This report has been reviewed by Deputy County Counsel Michelle D. Blakemore on June 12, 2003, and by the County Administrative Office, Patricia M. Cole, Administrative Analyst III on June 11, 2003.

FINANCIAL IMPACT: The entire Redevelopment Agency budget is funded through tax increment revenues, or revenues derived from tax increment. There is no impact on the County's General Fund.

SUPERVISORIAL DISTRICT(S): All

PRESENTER: John E. Nowak, Redevelopment Administrator, (909) 381-7983.